

# THE VIRGINIA BOARD OF ACCOUNTANCY

## MEETING MINUTES

The Virginia Board of Accountancy (Board) met on Monday, January 8, 2007, in Room 395 of the 3600 West Broad Street Building, Richmond, Virginia 23230.

The following Board members present for the entire meeting were:

Stephen D. Holton, CPA, Chairman  
Lawrence D. Samuel, CPA, Vice Chairman  
O. Whitfield Broome, Ph.D., CPA  
Regina P. Brayboy, MPA  
Dian T. Calderone, MTX, CPA  
Tyrone E. Dickerson, CPA  
William E. Hunt, CPA

The Board staff members present for the entire meeting were:

Nancy Taylor Feldman, Executive Director/Agency Head  
Katherine Idrissi, Special Assistant to the Executive Director  
Mark D'Amato, Board Administrator

The Board staff member present for a portion of the meeting was:

Jean Grant, Enforcement Manager/Investigator

Also in attendance for the entire meeting was:

Cynthia H. Norwood, Assistant Attorney General

In attendance for a portion of the meeting were:

James Michael Burke, Ph.D., Center for Public Policy, Virginia Commonwealth University  
Erin Collins, Government Affairs Director, Virginia Society of Certified Public Accountants  
Neal Kauder, President, VisualResearch, Inc.  
Andrew Miller, President, 1NetSystems  
Robert A. Nebiker, Consultant, Visual Research, Inc.  
Stephanie Peters, Vice President, Virginia Society of Certified Public Accountants

Chairman Holton called the meeting to order at 10:00 a.m.

**Call to Order**

Chairman Holton determined that a quorum was present.

**Determination of Quorum**

Upon a motion by Dr. Broome, and seconded by Ms. Brayboy, the Board by unanimous vote approved the agenda. The members voting “**AYE**” were Mr. Holton, Mr. Samuel, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Dickerson and Mr. Hunt.

**Approval of Agenda**

The Board’s Final Agenda was as follows:

Call to Order  
Determination of Quorum  
Approval of Agenda  
Public Comment Period

A. Approval of Minutes from November 28, 2006, Board Meeting

B. Discussion of Sanctioning Reference Points – Neal Kauder,  
President, VisualResearch, Inc., and Robert A. Nebiker

C. Committee Reports:

1. Legislative/Regulatory:  
Stephen D. Holton, CPA, Committee Chairman
  - a. Petition for Rulemaking – Read for CPA Exam
  - b. Legislative Working Group

Recess for Board Lunch

Reconvene

C. Committee Reports (cont’d):

1. Legislative/Regulatory (cont’d)  
Stephen D. Holton, CPA, Committee Chairman
  - b. Legislative Working Group (cont’d)
2. Enforcement  
Dian T. Calderone, CPA, Committee Chairman
  - a. Final Board Order:
    - (1) File Number 2006-U10 (J. Chris Thomas)  
(Calderone)

Introduction – James Michael Burke, Ph.D., Center for Public Policy,  
Virginia Commonwealth University

C. Committee Reports (cont'd):

3. Education/Examination

O. Whitfield Broome, Ph.D., CPA, Committee Chairman

- a. Question about Policy on CPE for Professional Exams  
adopted by Board on October 8, 2004

D. NASBA

1. Discussion about 2007 Eastern Regional Meeting (June 6-8,  
2007) and 100<sup>th</sup> Annual Meeting (October 28-31, 2007) –  
Tyrone Dickerson, CPA, Board Member

E. Future Meetings

Sign Conflict of Interests Forms  
Complete Travel Expense Vouchers

Adjournment

Chairman Holton asked for the members of the public attending the meeting to introduce themselves to the Board. Mr. Nebiker was introduced by Ms. Feldman. He is the recently retired director of the Department of Health Professions, having served in that position for 4 years, and after serving more than 30 years in state government. The members welcomed him to the meeting.

With no further members of the public having comments, Chairman Holton moved to the next item of business.

Chairman Holton asked whether any members had changes to the minutes for the Board meeting held on November 28, 2006.

Upon a motion by Dr. Broome, and seconded by Ms. Brayboy, the Board by unanimous vote approved the minutes from the Board meeting on November 28, 2006. The members voting “**AYE**” were Mr. Holton, Mr. Samuel, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Dickerson and Mr. Hunt.

**Public Comment  
Period**

**A. Approval of  
Minutes from  
November 28, 2006,  
Board Meeting**

The Board agreed to move this agenda item up until Mr. Kauder

**C. Committee**

arrived.

Chairman Holton and Mr. Samuel noted that individuals from small, medium and large CPA firms, as well as accountants, who are not certified public accountants (CPAs), were given the draft proposed accounting statutes for review. Their comments, which included a wide range of perspectives, had been incorporated into the draft.

They informed the members that the draft is not a Board bill and once the draft is approved it will go to Senator Stosch, who will be the bill's patron in the Senate.

Among the goals of the proposed statutes are: (1) the simplification of language, and (2) the elimination of an unnecessary level of statutory requirements, making it easier for CPAs, who are licensed in another state, to work in industry in the Commonwealth.

Mr. Holton and Mr. Samuel then led a detailed discussion about the Legislative Working Group's draft proposed accounting statutes.

The Board recessed from 10:45 a.m. to 11:00 a.m.

With the arrival of Mr. Kauder, the Board agreed to address this agenda item.

Mr. Kauder gave a presentation about the creation of sanctioning guidelines for enforcement cases, using as an example what his company achieved with the Virginia Department of Health Professions.

Upon the completion of his presentation, the members asked some questions and thanked Mr. Kauder and Mr. Nebiker for providing the information.

Mr. Miller arrived at the meeting and had been asked to join the members for lunch. Prior to recessing for lunch, Chairman Holton presented a plaque to Mr. Miller that was given "in grateful appreciation for diligent efforts and services rendered to the Virginia Board of Accountancy and the Citizens of the Commonwealth."

The Board then recessed from 12:00 p.m. to 1:00 p.m. for lunch.

## **Reports:**

### **1. Legislative/ Regulatory – Stephen D. Holton, CPA, Committee Chairman**

### **b. Legislative Working Group**

## **Board Recess**

### **B. Discussion of Sanctioning Reference Points – Neal Kauder, President, VisualResearch, Inc., and Robert A. Nebiker**

## **Board Lunch**

Chairman Holton and Mr. Samuel continued their discussion about the draft proposed accounting statutes.

Upon a motion by Dr. Broome, and seconded by Mr. Dickerson, the Board unanimously resolved to grant the National College of Business and Technology (NCBT) a grace period ending December 31, 2008, to allow NCBT's accrediting agency to demonstrate to the Board that its accreditation process and standards are substantially equivalent to the accreditation process and standards of the six major regional accrediting organizations, and until that time the Board will continue to admit any graduate who shall provide documentation that he has obtained at least 150 hours of education, a baccalaureate or higher degree, and an accounting concentration or equivalent, as required by Chapter 44, Title 54.1 of the *Code of Virginia*. The members voting "AYE" were Mr. Holton, Mr. Samuel, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Dickerson and Mr. Hunt.

Mr. Holton was given the task to send a letter to Mr. Longaker, the President of NCBT, to update him about this action.

Upon a motion by Mr. Dickerson, and seconded by Mr. Hunt, the Board by unanimous vote approved filing a notice of intended regulatory action (NOIRA) to set a deadline of December 31, 2008 for those CPA exam candidates who qualified under the education requirements of the Board to sit for the CPA exam prior to July 1, 2006, to pass the CPA exam. The members voting "AYE" were Mr. Holton, Mr. Samuel, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Dickerson and Mr. Hunt.

The Board recessed from 1:50 p.m. to 2:00 p.m.

Ms. Feldman introduced Dr. Burke from the Center for Public Policy at Virginia Commonwealth University (VCU) to the members. He will serve as the facilitator for the Board's next Retreat scheduled for May 16, to be held in Richmond.

Dr. Burke led a discussion about possible topics that the Board would address at the Retreat, such as the creation of a self-assessment tool to determine its progress and to assess its Executive Director.

Chairman Holton and Mr. Samuel continued their discussion about the

**C. Committee**  
**Reports (con't):**  
**1. Legislative/**  
**Regulatory (con't) –**  
**Stephen D. Holton,**  
**CPA, Committee**  
**Chairman**  
**b. Legislative**  
**Working Group**  
**(con't)**

**Board Recess**

**Introduction –**  
**James Michael**  
**Burke, Ph.D.,**  
**Center for Public**  
**Policy, Virginia**  
**Commonwealth**  
**University**

**C. Committee**

draft proposed accounting statutes.

Upon a motion by Ms. Calderone, and seconded by Mr. Dickerson, the Board by unanimous vote accepted all changes and approved the draft proposed accountancy statutes.

The members considered the petition for rulemaking, which had been deferred at the November 28, 2006, Board meeting.

Upon a motion by Dr. Broome, and seconded by Mr. Hunt, the Board approved by unanimous vote that it could not approve the petition because it is well established and accepted that formal education in accounting and related subjects provides valuable knowledge, skills, and abilities for the practice of public accounting that are not provided consistently by on-the-job experience. All states require formal education to be licensed as a CPA, and formal education has been consistently included in the Uniform Accountancy Act (UAA) promulgated by the National Association of State Boards of Accountancy (NASBA). Also, because all other states require formal education, Virginia CPAs without formal education would not be able to practice in other states under substantial equivalency provisions in state statutes. The members voting "AYE" were Mr. Holton, Mr. Samuel, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Dickerson and Mr. Hunt.

Due to her involvement with this case, Ms. Calderone left the room and did not participate in the discussion or vote.

Chairman Holton informed the other members about their task. The Board would review the Final Board Order and then make its decision in the case.

Ms. Grant presented information to the Board members about the case.

In the matter of **Final Board Order File Number 2006-U10 (J. Chris Thomas)**, the Board reviewed the IFF Report with the recommendations of the Presiding Officer, which included its findings of fact, conclusions of law and actions. Mr. Thomas was not present, nor was an attorney present to represent him.

**Reports (cont'd):**

**1. Legislative/**

**Regulatory (cont'd)**

**– Stephen D.**

**Holton, CPA,**

**Committee**

**Chairman**

**b. Legislative**

**Working Group**

**(con't)**

**a. Petition for**

**Rulemaking – Read**

**for CPA Exam**

**2. Enforcement –**

**Dian T. Calderone**

**CPA, Committee**

**Chairman**

**a. Final Board**

**Order:**

**(1) File Number**

**2006-U10 (J. Chris**

**Thomas)**

**(Calderone)**

Upon a motion by Mr. Dickerson, and seconded by Dr. Broome, the Board by unanimous vote approved (1) the IFF Report's finding of fact whereby: (Count 1) Thomas used the CPA title by representing himself as a CPA without a valid Virginia CPA license to a department of the Federal Government (the Internal Revenue Service) and by his failure to remove the CPA title within his business office computer software thus generating communications that he was a licensed CPA; (2) the IFF Report's conclusion of law whereby: (Count 1) Thomas's action constitutes a violation of **Section 54.1-4413.1** of the *Code of Virginia*; and (3) the IFF Report's actions whereby: (a) Thomas shall not practice as a CPA in the Commonwealth until the Virginia Board of Accountancy has re-issued a license to Thomas to practice as a CPA; (b) Thomas shall pay a monetary penalty of two thousand dollars (\$2,000) for using the CPA title without a valid Virginia license within ninety (90) days of the entry date of the Final Order; (c) Thomas shall pay a monetary penalty of one thousand dollars (\$1,000) for representing himself as a CPA to a department of the Federal Government within ninety (90) days of the entry date of the Final Order; (d) Thomas shall pay a monetary penalty of two thousand dollars (\$2,000) for violating the previous Consent Order within ninety (90) days of the entry date of the Final Order; and (e) should Thomas seek Reinstatement of his CPA license, the Board should deny Reinstatement for a period of up to three (3) years from the entry date of the Final Order. The members voting "AYE" were Mr. Holton, Mr. Samuel, Dr. Broome, Ms. Brayboy, Mr. Dickerson and Mr. Hunt. Ms. Calderone was not present and did not participate in the discussion or vote.

Dr. Broome presented a question about whether the Board wanted to consider granting credits based upon the actual continuing professional education (CPE) credits awarded by the sponsor of the professional exam, or based upon the actual hours to prepare for the exam, to take the exam, or both.

The Board agreed that the current policy should stand that any individual taking a professional exam in order to get the CPE credits would do so as long as a certificate of completion identified the number of CPE credits awarded for completing the exam.

The members also agreed to refer this matter to the Legislative/Regulatory Committee for consideration as it revises the Board regulations.

**3. Education/  
Examination –  
O. Whitfield  
Broome, Ph.D.,  
CPA, Committee  
Chairman  
a. Question about  
Policy on CPE for  
Professional Exams  
adopted by Board  
on October 8, 2004**

The Board agreed to consider this agenda item next.

**E. Future Meetings**

The members confirmed the dates of their next meetings: (1) Board Retreat on Wednesday, May 16, with the location to be determined; and (2) Board meetings to be held on Wednesday, May 2, and Wednesday, June 27, with the locations to be determined. The meetings are scheduled to begin at 10:00 a.m.

Mr. Dickerson led a discussion about the upcoming meetings—the 2007 Eastern Regional Meeting in June and the 100<sup>th</sup> Annual Meeting in October—sponsored by NASBA.

**D. NASBA:**  
**1. Discussion about**  
**2007 Eastern**  
**Regional Meeting**  
**(June 6-8, 2007) and**  
**100<sup>th</sup> Annual**  
**Meeting (October**  
**28-31, 2007) –**  
**Tyrone E.**  
**Dickerson, CPA,**  
**Board Member**

The members agreed that the meetings were extremely beneficial to the Board, especially since it is a regulatory agency that must keep up to date on what occurs among the state boards. Mr. Dickerson emphasized that the Eastern Regional Meeting will be held in Williamsburg in June 2007, so participation in NASBA meetings by Board members and staff is critical. They agreed to invite David Smith, the Deputy Secretary of Commerce and Trade, to discuss this matter at the Board meeting on May 2<sup>nd</sup>.

Chairman Holton asked the members to complete and sign their conflict of interests forms.

**Conflict of**  
**Interests Forms**

Chairman Holton asked the members to complete and sign their travel expense vouchers.

**Travel Expense**  
**Vouchers**

With no further business coming before the Board, upon a motion by Dr. Broome, and seconded by Mr. Hunt, the meeting was adjourned by unanimous vote at 3:30 p.m. The members voting “**AYE**” were Mr. Holton, Mr. Samuel, Dr. Broome, Ms. Brayboy, Ms. Calderone, Mr. Dickerson and Mr. Hunt.

**Adjournment**

**APPROVED:**

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Stephen D. Holton, CPA, Chairman

**COPY TESTE:**

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Nancy Taylor Feldman, Executive Director/Agency Head